April 13, 1967

PROPORTIONATE REDUCTION OF BENEFITS
Under
Transfer-of-Credit and Guaranteed Benefit Proposal (H.R. 6784)

Ground Rules

- "All monthly benefits" on lines 13 and 14, p. 10 of H.R. 6784, means all monthly OASDI benefits (both primary and survivor) payable to the persons whose annuities we are trying to compute.

- The reference to "all survivors" on lines 7 and 15 means that all of the survivors are to be taken into account in calculating the proportionate reduction.

- Any civil service annuity a widow may have earned on the basis of her own service is not to be taken into account in determining whether the family maximum applies or in calculating the proportionate reduction.

Example: $10,000 Hi-5, 30 Years' Service (Family Maximum, $6,168)

A. No Social Security Benefits Payable

	Normal CSR Benefit	75% of Col. II	Prop. Share of Col. III	CSR Pays	
W	$3,096	$2,430	$1,542	$3,096	1/
A	660	2,430	1,542	1,548	2/
B	660	2,430	1,542	1,548	2/
C	660	2,430	1,542	1,548	2/
Total	$5,076	$9,720	$6,168	$7,740	

1/ Because benefit paid will never be less than normal CSR benefit.
2/ Their proportionate share of family maximum calculated under ground rules alone.

B. Social Security Benefits Totalling $2,568 payable to W,A,B, and C

	Normal CSR Benefit	75% of Col. II	Share of Col. III w/SS	SS	Net	CSR Pays
W	$3,096	$2,430	$1,542		$900	$3,096
A	660	2,430	1,542	$2,568 1/	900	900
B	660	2,430	1,542		900	900
C	660	2,430	1,542		900	900
Total	$5,076	$9,720	$6,168	$2,568	$3,600	$5,796

1/ A single sum because proposed new section 8339(o)(2) says "... the sum of all monthly benefits ... to which all the survivors are entitled or would be entitled ..."

OTHER MEANS NOT INTENDED FOR MAKING PROPORTIONATE REDUCTIONS

- Reducing proportionately only those benefits computed under the guarantee

	Normal CSR Benefit	75% of Col. II	Prop. Share of Col. III	CSR Pays
W	$3,096	$2,430	-	$3,096
A	660	2,430	$2,056 1/	2,052
B	660	2,430	2,056	2,052
C	660	2,430	2,056	2,052
Total	$5,076	$9,720	$6,168	$9,252

- Guarantee not to increase benefits above Family Maximum

W	$3,096	$2,430	-	$3,096
A	660	2,430	$1,024 2/	1,020
B	660	2,430	1,024	1,020
C	660	2,430	1,024	1,020
Total	$5,076	$9,720	$3,072	$6,1## 56

1/ The widow's benefit under the normal formula is greater than the guarantee, so the normal benefit would be paid. Only the children's benefit is computed under the guarantee. Their proportionate share of the $6,168 maximum would be $2,056.

2/ The widow's benefit under the normal formula is greater than the guarantee, so the normal benefit would be paid. The difference between the $6,180 maximum and her normal benefit is $3,072. The children's proportionate share of that amount would be $1,024.

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